

September 8, 2010

Mr. Russell Golden
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

RE: No.1810-100 *Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities*

Dear Mr. Golden:

Thank you for the opportunity to weigh in on your exposure draft "*Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging/Activities proposal*". As an individual bank investor, I can appreciate FASB's goal of striving to improve the transparency of financial reporting to help investors make more informed decisions. However, I have decided to write to you to express my opposition to the portion of your proposal that would require financial instruments to be marked to market. In my opinion as an individual bank investor, I do not see any value in this portion of your proposal. I also feel there is a greater than average chance that this proposal could have the opposite effect of what FASB hoped to achieve and could actually make financial statements less transparent to bank investors like myself due to the volatility to bank capital this proposal would create.

The primary component of your proposal would be for banks to mark loans to market value. I've never asked a bank management team what the market value of their loan portfolio is nor have I ever heard another bank investor asking that question. Bank investors are typically more interested in the performance of the bank's loan portfolio as well the underwriting standards/policies under which the bank made the loans. Banks typically do not sell commercial loans that are very unique or non-homogeneous in nature and typically do not sell under-performing loans but choose to work out their own problem loans. Because of these facts, there could be very limited active markets to value such loans which could create very subjective and wide-ranging valuation methodologies within the bank sector. This could add further volatility to bank capital and make bank financial statements potentially, less transparent. Even if there were active markets, the financial market crisis of the past 2-3 years provides further proof that those markets can be shaken to the core or dry up under extreme duress making the market data available even less reliable. Fair value is not the appropriate measurement for loans that are being held to maturity for financial institutions as it does not represent the actual cash flows a bank will receive from their portfolio.

I am also concerned about the impact on credit availability to credit-worthy borrowers and businesses that your proposal could have. Adding volatility to bank capital will undoubtedly cause banks to hold higher capital levels to provide additional cushion against the volatility that fair value reporting of their balance sheets would create. Since one dollar in bank capital generally supports ten dollars in assets and most bank assets are in loans, every dollar of bank capital that is either destroyed or no longer available erodes ten times that in available credit. This scenario was witnessed many times during the recent financial crisis but none more plainly than with the conservatorship of FHLMC/FNMA which wiped out \$35 - \$40 billion in preferred stock holdings mostly held by banks and other financial services companies which was a direct hit to bank capital and further restricted credit availability. Restricting credit would harm the general economy and potentially be another unintended consequence of fair value reporting of financial instruments.

My last concern has to do with the additional resources, both personnel and third party vendors, that will be needed to comply with fair value reporting of financial instruments. When markets are under duress, like they have been recently during the financial crisis, they become more illiquid and the output becomes less reliable or available for general use. In these instances, banks may be forced to hire additional employees or to engage consultants who would cost significant sums to prepare estimates that bank shareholders would have no interest in seeing.

With this list of serious concerns about the impact of fair value reporting of financial instruments, I strongly urge you to drop the proposal to mark loans to fair value. I feel it provides no benefit as a bank investor. Thank you for considering my perspective.

Sincerely,

A handwritten signature in black ink, appearing to read "Randy J. Sizemore", with a long horizontal flourish extending to the right.

Randy J. Sizemore
3037 Trappers Cove
Huntington, IN 46750